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Circulation salary survey . . . page 143

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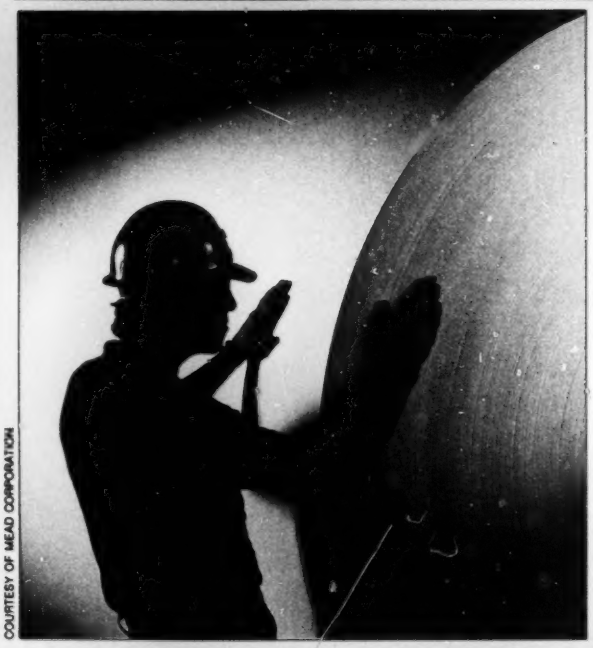

COURTESY OF MEAD CORPORATION

Special report

Coated pap Trends in use

Many forces affecting the future supply of coated paper are coming together, creating a situation publishers should monitor closely. Catalogs, the growth in coupon merchandising and the acceleration of coated paper use by consumer magazine insert advertisers are all cutting into supplies. This analysis takes a close look at the supply/demand balance; detailed charts project capacity changes in the major North American and offshore mills through 1992. **112**

THE PUBLISHING HALL OF FAME

Industry honors 8 publishing greats

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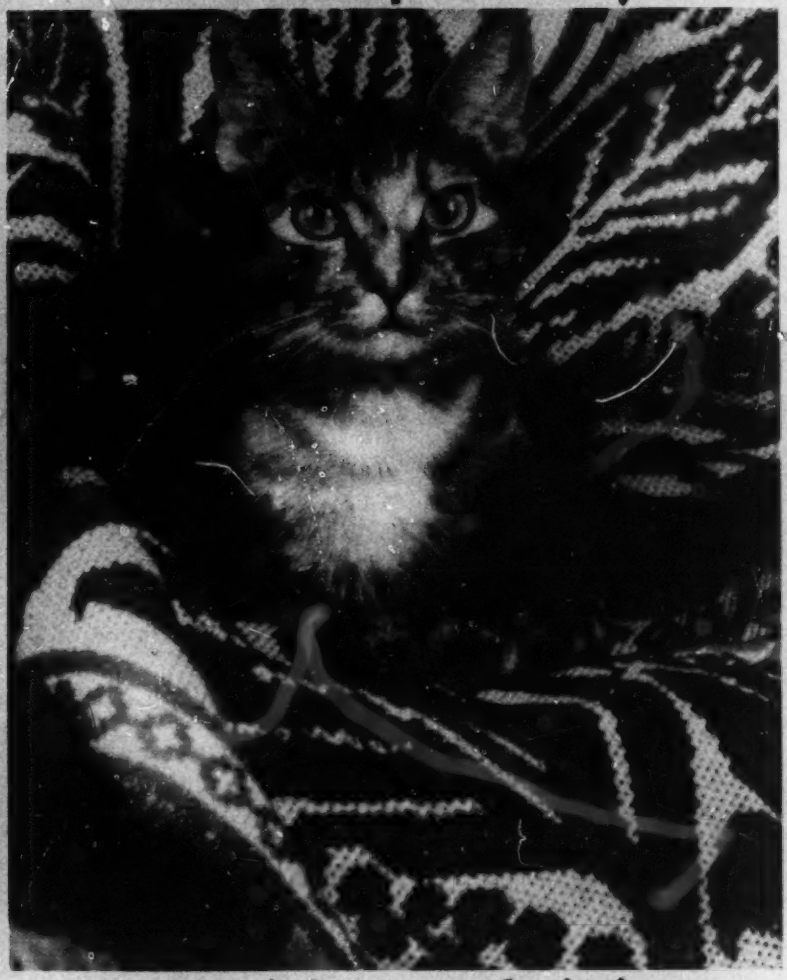

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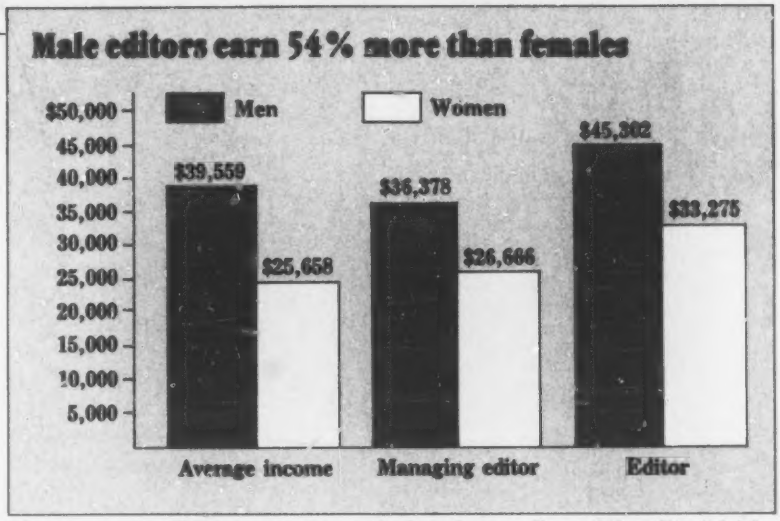
Sex bias in the business press

Men outnumber women and hold better jobs in business journalism



***Men earn more than women** across the board, regardless of the editorial job. Moreover, a greater percentage of women than men hold subeditor positions at business magazines.*

Akron, Ohio—Men still command the lead in both salaries and positions in the specialized business magazine industry, earning 54 percent more pay on the average than their female coworkers, according to recently completed research.

The study of editors and writers of business magazines shows that men earn an average annual income of $39,559, compared to $25,658 for women. The gap is even more noticeable when men and women hold the same jobs—a female editor earns an average of $33,275, while a man in the same job makes $45,302.

The salary figures are among many findings by Dr. Kathleen Endres, assistant professor of the communications department at the University of Akron. She received a grant of approximately $1,100 from the Association of Business Publishers (ABP) to research business press journalists from 1986 to 1988.

Endres found that reporters and editors in specialized business magazines are generally well educated, tend to come from areas of heavy industry and are usually in their 30s. Specifically, the typical business press reporter or editor is likely to be a white male in his mid-30s with a bachelor's degree.

Endres came to her conclusions after researching a 10 percent sample of specialized magazines from *Business Publication Rates and Data*, published by Standard Rate and Data Service. More than half of 353 sampled periodicals responded, yielding the names of 839 full-time personnel. Out of this field, 374 responded to a questionnaire, for a response rate of 44.6 percent.

"Men continue to dominate in the business press field," says Endres. Of all male journalists responding to the survey, 40.5 percent are editors; women, the survey states, more frequently hold subeditor positions.

In the payroll department, the disparity in salaries "cuts across all editorial jobs," she says. As managing editors, women are paid an average of $26,666 a year; men in the same position earn $36,378. Female editors are paid $33,275, while men earn $45,302.

Men working for specialized business magazines have more professional journalism experience than women (13.2 years, compared to 7.3 years for women), Endres says, but adds that they are also generally older than the women: 38.9 years vs. 33.97 years.

Men at the business magazines are more likely to have worked for a newspaper first, whereas the women tend to start out at other business publications. The females are also more likely to come from public relations or other backgrounds such as freelance writing, Endres notes.

The survey further states that the New York-Connecticut area produces the most specialized magazines; the Great Lake states are second. More than half of the respondents come from these same two heavy industrial areas.

More than 60 percent of the business journalists graduated from college, and another 31.9 percent attended graduate school. Twenty-two percent received specific training—usually in the form of classes—to familiarize themselves with the industries that their publications cover. Many of the journalists responding to the survey say a superior taught them about the business or industry that they now cover in their magazines.—*L.F.*

Biggest worry: Ad/edit conflicts

The biggest worry facing business journalists, according to Endres' survey, is separating advertising from editorial.

Many of the 374 journalists responding to the study say they are concerned about using advertisers as sources in specialized business magazine stories. Others fear alienating advertisers with the editorial content of the publications.

Over one-third of the journalists, moreover, see the link between advertising and editorial as a major weakness in their field. It is the most commonly noted problem listed in the survey.

While business magazine writers are leery of using advertisers as sources, they don't really like turning to public relations sources, either. Even though some of the writers come from backgrounds in the public relations field, about half of those responding say they use PR departments as sources in fewer than 10 percent of their stories.

Writers generally talk to corporate leaders when they need information for a story, the survey concludes.

Special report: Coated paper

Part 1

Diversity of users cuts into supply

How will current trends in paper use and supply affect availability in the months ahead? Analysis and detailed charts give you a look at the future

BY NORMAN WIENER

The growing internationalization of the U.S. printing and magazine publishing market was reflected, in 1988, by an increasing use of imported papers. Changes in magazine ownership patterns were also matched by rapid changes in paper sourcing. Although they are still the largest users of higher-value publication printing papers, U.S. magazine publishers could face further challenges in maintaining their share of available paper supplies in the years ahead.

Some of the forces affecting future supplies are growth of catalogs and their seasonal printing patterns; the continued growth of newspaper insert/flier advertisers and their upgrading to magazine-type grades of paper; the growth in coupon merchandising; and the dynamic acceleration of consumer magazine insert advertising. The implications of this latter shift could be quite dramatic.

Equally important, based on current projections, the supply/demand balance could favor sellers for most of the next few years, regardless of any short-term downturn in the economy.

Given the rapid changes in the U.S. supply/demand outlook, and the forces that surround these changes, this two-part article will attempt to provide publishers with an overall perspective on the outlook for the major magazine paper grades—coated groundwood, coated free sheet and supercalendered printing papers. Part one, in this issue, will focus on availability and trends in paper use; part two, which will appear in FOLIO:'s January issue, will take a look at buying strategies and implications for the future.

Norman Wiener is vice president of Walker Wiener Associates, an international-based marketing research company specializing in paper, printing and print media. Wiener has been involved in the paper industry for almost 20 years, including 15 years with two major paper manufacturers.

Tracking changes

It is expected that magazine publishers, during 1988, will have consumed close to 3.7 million tons of paper. This total reflects consumption by traditional consumer and business magazines, trade journals, comic magazines, Sunday newspaper magazines and Sunday TV magazines.

Some of the more important trends developing in regard to printing paper consumption by magazines include the following:

- Despite postal rate increases, basis weight still appears to be rising. Although some publishers have announced plans to cut basis weights, the majority of the consumer magazines tracked by WWA continue to maintain and/or increase the weight of their text grades.
- Heatset web-offset could continue to make inroads into rotogravure's printing process share. With the increased number of versions per issue, it is becoming increasingly difficult for certain publications to continue the use of rotogravure.
- High quality four-color printing on lightweight papers is now possible with an increasing number of offset grades. Historically, only gravure could provide this capability.
- The basis weights of magazine covers continue to increase, and the use of overcoating is becoming standard. Magazines without a varnish overcoat are likely to be the exception on the newsstands of the future.
- Coated #4 paper use continues to expand. Driven by the increasing number of brands and suppliers in this category, many specialty books and most new publications have moved toward this grade category. The improved reproduction qualities from certain coated #4 grades have provided some

publishers with enough difference in quality to justify an upgrade to this higher value grade segment.

Based on current trends, by the mid-1990s, coated #4 could represent as much as 25 percent of all magazine paper consumption.

• SC printing papers are continuing to penetrate the magazine market. *The New York Times Sunday Magazine* has been joined by several other specialty books using this paper. And the development of the Sunday newspaper TV books (using SC) into full-fledged publications is likely to give traditional television and cable guides more intense competition. Upgrading is likely.

• LTC grades have also emerged,

"One of the most important trends that is affecting paper use continues to develop in the area of consumer magazine inserts."

[redacted]

with successful use in the new *Premiere* and in *W* magazine, the fashion consumer magazine version of *Women's Wear Daily*.

• One of the most important trends affecting paper use continues to develop in the area of consumer magazine inserts. Historically a product primarily related to business publications with perfect binding, the magazine insert is quickly becoming one of the most popular formats for many consumer books—both saddle and perfect bound.

Preliminary estimates for 1988 indicate that as much as 300,000 tons of paper may be redirected from the traditional consumer magazine purchasing stream for these products.

• Driven by the desire to obtain the greatest impact from their advertising investments, an increasing number of advertisers are now running anywhere from two- to 24-page signatures independently of the magazine run of press (ROP) printing system, and utilizing the advancing capabilities of the automated bindery for inserting

North American paper capacity changes ('86-'92) —

Location	Company	City	ST/PR	Grade
Canada	Abitibi-Price Inc.	Kenogami	Quebec	SC
U.S.	Blandin Paper Co.	Grand Rapids	MN	Coated Grwd. Coated Free
U.S.	Boise Cascade Corp.	Rumford	ME	Coated Grwd. Coated Free
U.S.	Bowater, Inc.	Catawba	SC	Coated Grwd.
U.S.	Champion Intl. (1)	Courtland Bucksport Sartell Deferiet	AL ME ME ME	Coated Grwd. Coated Free SC - A
U.S.	Consolidated Paper (1)	Biron Wis. Rapids Whiting	WI WI WI	Coated Grwd. Coated Free
U.S.	Fraser Paper Ltd.	Madawaska	ME	Coated Grwd.
U.S.	Great Northern Paper	Millinocket	ME	Coated Grwd.

(1) WWA Capacity estimates NA = Not available

coated and supercalendered grades

1986	1987	1988	1989	1990	1991	1992	Change ('92/'86) Tons (000)	Change ('92/'86) Net change %
		(000 of short tons)						
0	86	135	138	140	140	210	210	
0	86	135	138	140	140	210	210	
285	285	291	336	451	475	487	202	70.9%
280	280	285	330	445	469	481	201	71.8%
5	5	6	6	6	6	6	1	20.0%
395	395	392	397	412	422	432	37	9.4%
240	240	317	317	317	317	317	77	32.1%
155	155	75	80	95	105	115	-40	-25.8%
192	303	332	338	338	338	338	146	76.0%
192	303	332	338	338	338	338	146	76.0%
1,053	1,053	1,053	1,086	1,116	1,281	1366	313	29.7%
657	657	657	690	690	690	690	33	5.0%
265	265	265	265	295	460	545	280	105.7%
131	131	131	131	131	131	131	0	0.0%
810	880	890	890	890	890	890	80	9.9%
530	600	610	610	610	610	610	80	15.1%
280	280	280	280	280	280	280	0	0.0%
140	140	140	140	140	140	140	0	0.0%
140	140	140	140	140	140	140	0	0.0%
135	135	135	135	135	135	135	0	0.0%
135	135	135	135	135	135	135	0	0.0%

Source: Walker Wiener Associates (September 1988)

(CONTINUED ON PAGE 116)

these higher value products.

A large portion of the tonnage used for magazine inserts is coated #4 grades and higher. Magazine inserts tend to be 10 to 30 pounds higher in basis weight than the magazine text grade. More important, graphic reproduction tends to be significantly higher than the standard ROP pages.

Some of the pressruns (typically for multiple scheduled inserts appearing in a number of books) can exceed 40 million to 50 million copies. This could allow gravure printing and papers to enter magazines and to offset some of their losses in ROP pages. Of the paper grades used for magazine inserts, one of the most important winners during 1988 could be lightly coated matte or film coated grades, particularly in card stock basis weights or calipers. These grades are replacing traditional high bulk offsets and are employing an increasing amount of color printing for their direct marketing advertisers.

Supply/demand forces

What can buyers expect over the short term for each of the major grades? The following review, by major grade segment, summarizes the 1988-1989 outlook for demand and supply, and the external forces to consider.

• *Coated groundwood*: Driven by a variety of new users, who are upgrading from lower end uncoated groundwood and newsprint printing papers, demand for coated groundwood has grown at rates in excess of 6 percent over the 1980-1987 period.

Consumption of this paper for catalogs continues to skyrocket, for a variety of reasons. Increased frequencies of catalog issues is one, and making them into monthly magazines is another—one of the most important forces behind the growth in catalogs' paper consumption. Even given the record amount of new capacity that the market enjoyed during the 1986-1987 period, operating rates are now near capacity levels. The only relief appears to be the new Blandin machine, which should come on line in 1989, and the second REPAP machine for their new mill in Newcastle, New Brunswick.

However, even with these two new machines, and given the increasing supply of offshore capacity, it should still be a seller's market for most of the next two to three years for coated groundwood. The seller's position should remain, even with a mild down-

turn in the U.S. economy, since new users for this grade are placing greater demands on the available supplies.

Currently, close to 11 percent of all coated groundwood grades are imports. Of this total, close to 6 percent of total consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 17 percent of all coated groundwood grades consumed in the United States will be imports, and that offshore imports will account for close to 8 percent of total consumption.

• *Coated free sheet*: Driven by the expanding range of coated #4 paper grades, and an increasing assortment of coated and premium #1 printing paper grades, consumption of coated free sheet continues to find many upgraders from the coated #5 printing paper ranks. Overall growth has been close to 7.7 percent per year over the 1980-1987 period.

"Given the greater sensitivity of coated free sheet to a mild recession, we predict that the supply/demand balance could turn in favor of the buyer during mid-1989."

Because of the high levels of new capacity that entered the market during the 1986-1988 period, mill operating rates are now in the high 90s. Incremental capacity increases by IP and Westvaco during 1988 further supplemented the overall U.S. capacity base for this grade during the past year. New capacity by Midtec at both Kimberly and Canada will help market supply conditions during the next two years.

However, given the greater sensitivity of these grades to a mild recession, WWA predicts that the supply/demand balance could turn in favor of the buyer during mid-1989. This situation will continue through 1990. However, for the short term, the overall supply/demand ratio should remain in balance through mid-1989.

Currently, close to 7 percent of all

North American paper capacity changes ('86-'92) —

(CONTINUED FROM PAGE 115)

Location	Company	City	ST/PR	Grade
U.S.	International Paper	Corinth Jay Pine Bluff	NY ME AR	Coated Grwd. Coated Free
U.S.	James River Corp.	St. Francisville West Linn	LA OR	Coated Grwd. Coated Free
Canada	Kruger Inc.	Three Rivers	Quebec	Coated Grwd. SC
U.S.	Lake Superior Paper	Duluth	MN	SC - A
U.S.	Madison Paper	Madison	ME	SC - A
U.S.	Mead Publishing Paper	Escanaba	MI	Coated Grwd. Coated Free
U.S.	Midtec/Miramichi	Kimberly New Castle	WI N.B.	[Coated Grwd. [Coated Free
U.S.	Niagara of Wisconsin Paper	Niagara	WI	Coated Grwd.
U.S.	Northwest Paper Division	Brainerd	MN	Coated Free
U.S.	(Potlatch) (1)	Cloquet	MN	
U.S.	S.D. Warren (1)	Somerset Muskegon Mobile Westbrook	ME MI AL ME	Coated Free
U.S.	Simpson (1)	Anderson Pasadena	CA TX	Coated Free
Canada	St. Mary's Paper Co.	S.S. Marie	Ontario	SC - B
U.S.	Westvaco	Luke	MD	Coated Free
U.S.	Weyerhaeuser	Columbus	MS	Coated Grwd.

(1) WWA Capacity estimates NA = Not available

coated and supercalendered grades

1986	1987	1988	1989	1990	1991	1992	Change ('92/'86) Tons (000)	Net change %
		(000 of short tons)						
400	500	600	650	700	750	750	350	87.5%
NA	NA	NA	NA	NA	NA	NA		
NA	NA	NA	NA	NA	NA	NA		
380	390	390	390	390	390	390	0	2.6%
270	280	280	280	280	280	280	0	3.7%
110	110	110	110	110	110	110	0	0.0%
188	188	188	188	248	248	248	60	31.9%
138	138	138	138	138	138	138	0	0.0%
50	50	50	50	110	110	110	60	120.0%
0	10	160	215	230	245	245	245	___
0	10	160	215	230	245	245	245	
153	156	161	161	161	161	161	8	5.2%
153	156	161	161	161	161	161	8	5.2%
480	500	520	520	530	530	530	50	10.4%
300	320	330	330	330	330	330	30	10.0%
180	180	190	190	200	200	200	20	11.1%
552	552	645	770	895	945	975	423	76.6%
440	440	440	465	590	640	670	230	52.3%
112	112	205	305	305	305	305	193	172.3%
200	207	225	235	235	235	235	35	17.5%
200	207	225	235	235	235	235	35	17.5%
228	228	240	265	290	290	290	62	27.2%
228	228	240	265	290	290	290	62	27.2%
600	800	800	800	800	800	800	200	33.3%
600	800	800	800	800	800	800	200	33.3%
125	125	125	125	125	125	125	0	0.0%
125	125	125	125	125	125	125	0	0.0%
73	85	88	132	151	158	158	85	116.4%
73	85	88	132	151	158	158	85	116.4%
394	394	403	403	403	403	403	9	2.3%
394	394	403	403	403	403	403	9	2.3%
178	178	193	193	193	193	193	15	8.4%
178	178	193	193	193	193	193	15	8.4%

Source: Walker Wiener Associates (September 1988)

coated free sheet grades are imports. Of this total, close to 6 percent of total consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 10 percent of all coated free sheet grades consumed in the United States will be imports, and that offshore imports will account for 8 percent of total consumption.

• *Supercalendered printing papers*: Driven by a variety of new users, who are upgrading from lower-end uncoated groundwood and newsprint printing papers, SC printing paper demand has grown at rates in excess of 23 percent over the 1980-1987 period. Supporting the high growth has been a major increase in capacity—from U.S., Canadian and offshore sources. However, even with the record amount of new capacity that the market had to absorb during the 1987-1988 period, operating rates are now near capacity levels. Further increments in SC capacity from the new Lake Superior Paper Industries machine, as well as new capacity from Canada and offshore locations, will only partially supply all future needs of this growing market segment.

It should remain a seller's market for SC grades, particularly the higher quality and offset grades, for most of the next two to three years. The seller's position could soften should the United States experience a mild downturn in its economic growth.

Currently, close to 61 percent of all SC grades are imports. Of this total, close to 50 percent of consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 57 percent of all SC grades consumed in the United States will be imports, and that offshore imports will account for 38 percent of total consumption.

In summary, WWA does not feel that a downturn in the U.S. economy would be as injurious to the supply/demand balance as downturns in the past eight years have been. Unlike these periods, the major impact of new capacity will not be as significant in these grades during the next three years.

Two of the three major paper markets (coated groundwood and SC) should remain as seller's markets for magazine publishers. Coated free sheet could be the softest of the three markets. However, if the projected 1989 recession is short lived, all three grades could quickly tighten.

Offshore paper capacity changes ('86-'92) — coated and supercalendered

Location	Company	Grade	1986	1987	1988	1989	1990	1991	1992
			(000 of short tons)						
			70	70	70	70	70	70	70
Italy	Cartiere Di Arbatax	SC	70	70	70	70	70	70	70
Finland	Enso Gutzeit								
			840	840	870	885	1,085	1,070	1,070
W. Germany	Feldmuhle AG (1)	SC	190	190	190	190	190	190	190
		Coated Grwd.	465	465	495	495	495	495	495
		Coated Free	185	185	185	200	350	385	385
			2,245	2,451	2,950	3,050	3,125	3,145	3,145
Finland	Finnpap	Coated Grwd.	772	941	1,255	1,365	1,405	1,410	1,410
	(Finnish Paper Mills)	Coated Free	125	165	260	275	290	290	290
		SC	1,348	1,345	1,435	1,410	1,430	1,445	1,445
			118	125	125	125	125	125	125
Sweden	Hafrestroms AB	Coated Free	118	125	125	125	125	125	125
			705	705	705	705	705	705	705
W. Germany	Haindl Papier	Coated Grwd.	460	460	460	460	460	460	460
		SC	245	245	245	245	245	245	245
			90	100	100	100	100	100	100
Sweden	Holmens Bruk	Coated Grwd.	90	100	100	100	100	100	100
		SC	120	120	120	120	120	120	120
			665	665	665	665	665	665	665
Belgium	KNP Belgie N.V.	Coated Grwd.	345	345	345	345	345	345	345
Netherlands	KNP Nederlandse Papier N.V.	Coated Free	320	320	320	320	320	320	320
			400	400	500	600	600	600	600
W. Germany	MD Papier (1)	Coated Grwd.	400	400	500	600	600	600	600
			100	100	110	120	160	170	170
Spain	Sarrio S.A.	Coated Free	100	100	110	120	160	170	170
			205	205	245	260	260	260	260
Norway	Saugbrugs	SC	205	205	245	260	260	260	260
			90	95	100	100	120	120	120
UK	Star Paper Co.	Coated Free	90	95	100	100	120	120	120
			125	132	150	168	170	170	170
Sweden	Stora Kopparberg	Coated Free	125	132	150	168	170	170	170
		SC	105	110	110	110	110	110	110
			130	150	165	215	222	235	235
Scotland UK	UK Paper	Coated Free	130	150	165	215	222	235	235

(1) WWA Capacity estimates
Source: Walker Wiener Associates (September 1988)

grades

Change ('92/'86)	
Tonz (000)	Net change %
0	0.0%
0	0.0%
230	27.4%
0	0.0%
30	6.5%
200	108.1%
900	40.1%
638	82.6%
165	132.0%
97	7.2%
7	5.9%
7	5.9%
0	0.0%
0	0.0%
0	0.0%
10	11.1%
10	11.1%
0	0.0%
0	0.0%
0	0.0%
0	0.0%
200	50.0%
200	50.0%
70	70.0%
70	70.0%
55	26.8%
55	26.8%
30	33.3%
30	33.3%
45	36.0%
45	36.0%
5	4.8%
105	80.8%
105	80.8%

Key definitions: Understanding paper grades

The U.S. magazine paper market is supplied by three major paper grades. Close to 80 percent of all papers used by magazines (and the focus of this article) can be classified as coated groundwood, coated free sheet or supercalendered (SC). (The remaining 20 percent of all magazine publication printing papers are newsprint, uncoated groundwood MF specialties, or uncoated free sheet grades.) Within these three major classifications there are numerous emerging subsegments. Additionally, depending on whether your paper is sourced from the United States, Canada or other offshore locations, there are several semantic and quantitative differences. (Most offshore-produced papers are sold on a metric basis, for example, and are generally quoted on a grams-per-square-meter basis.)

The most important grade segments serving the magazine market follow.

• *Coated groundwood printing papers*: These represent close to 58 percent of all magazine printing papers consumed during 1988. Historically, the term "coated groundwood" was synonymous with the term "coated #5." However, the coated groundwood magazine category now encompasses close to 200,000 tons of coated #4.

Papers bearing the groundwood designation contain a minimum of 10 percent (or more) of groundwood and/or mechanical-type pulp in their furnish. Typical coated groundwood sheets contain close to 50 percent to 60 percent groundwood.

For those not familiar with industry classifications, the American Paper Institute (API) divides coated papers into five major segments based on various brightness levels, regardless of groundwood content. Coated number #5 grades generally represent those coated grades with brightness levels of less than 72.9. Coated #4 grades possess brightness ranges from 73 through 78.9. Coated #3 grades and higher range from 79 and higher.

• *Lightly treated coated (LTC)*: These groundwood printing papers, which are sometimes known as pigmented coated papers, have also emerged as a new substrate for magazine publishing. These imported grades are matte finished with printed gloss equivalent to coated #5 grades. More important, their brightness levels extend up to the 74-75 level.

API definitions for coated papers relate to coated glossy grades. By virtue of the matte finish, new LTC grades have provided industry classifiers with a struggle in classification.

• *Coated free sheet printing papers*: These will represent close to 15 percent of all magazine printing papers during 1988. Coated free sheet encompasses the complete range of coated grades from coated #1 through coated #5. The latter segment (coated free sheet, #5), which historically has been exclusively a coated groundwood market segment, currently accounts for close to 5 percent of all coated free sheet printing paper consumption.

• *Supercalendered printing papers*: These represent the third major segment. During 1988, SC grades should represent close to 7 percent of all magazine publishing papers. Within the SC spectrum, there are three identifiable segments and one new segment emerging for magazine publishers.

1. SC-A grades are typically defined as being highly filled (that is, they contain a high clay content, very similar to coated paper), and are highly supered (thus providing a somewhat smooth surface for better printability. Generally, brightness levels are around the 68-70 level, also very similar to coated #5.

2. SC-B grades contain somewhat less filler and are not supered to the levels of SC-A grades. Brightness tends to be around the 65-66 level.

3. SC-C grades contain no filler, but are highly supered. The resulting product has proved to be very competitive with certain SC-B grades—from both a quality and price standpoint.

4. Premium SC-A grades are just emerging as a new segment, and represent a better formed paper grade that is surface sized for improved heatset web-offset printing. Brightness levels will approach coated #5 grade levels.

The most important point in reviewing the magazine paper spectrum is the increasing quality available from SC paper producers. By advancing the capabilities of SC paper grades, magazines using coated #5 have been forced to look at the emerging coated #4 grade category as a means of distinguishing their publications from the average. The overall quality of SC grades is advancing so quickly that, within a few years, even the most sophisticated paper buyer may not able to tell the difference in grade classification. Even today, most consumers would rarely be able to detect, within certain basis weights on a highly ink covered sheet, certain coated #5 grades from some of the better SC finished grades.

FOLIO:'s 1988 Circulation salary survey

The financial rewards for those in circulation can vary widely. See how you compare to your peers in terms of geographic area, circulation size, bonus eligibility and more

BY ROBERT M. STEED

The circulation directors and managers who responded to FOLIO:'s fourth annual compensation survey are a dedicated group of publishing professionals. Describing their greatest challenge, most noted the age-old problem of balancing quantity, quality and cost in delivering subscribers/newsstand buyers, and the difficulties of acquiring/managing good lists in an intensely competitive environment.

For those who manage those tasks and the myriad other responsibilities that are part of the circulation territory, the rewards can be substantial—especially for circulation directors at large consumer publications. This survey provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key indicators such as circulation size, years in the business, region of the country and more.

Some of the key findings:

- Circulation directors earn substantially more than managers—their average salary is 63 percent higher. And the total compensation of those circulation directors who receive a bonus is double that of managers.
- Salaries of circulators at both levels who work on consumer magazines are almost 18 percent more than the salaries of those who work on business publications. But this results mainly from salaries of those on large circulation consumer titles.
- People working on publications with circulations of 500,000 or more take home much more, in both salary and total compensation, than those working on smaller books.
- Bonuses are a key factor in the pay of circulation directors, but are relatively unimportant for managers. Indeed, managers who receive only a salary are paid slightly more than the salary plus bonus of those who also receive a bonus.

Circulation directors

Overall salaries of circulation directors average $42,558, with directors on consumer magazines averaging $46,234 and those on business magazines taking home $39,259. This almost

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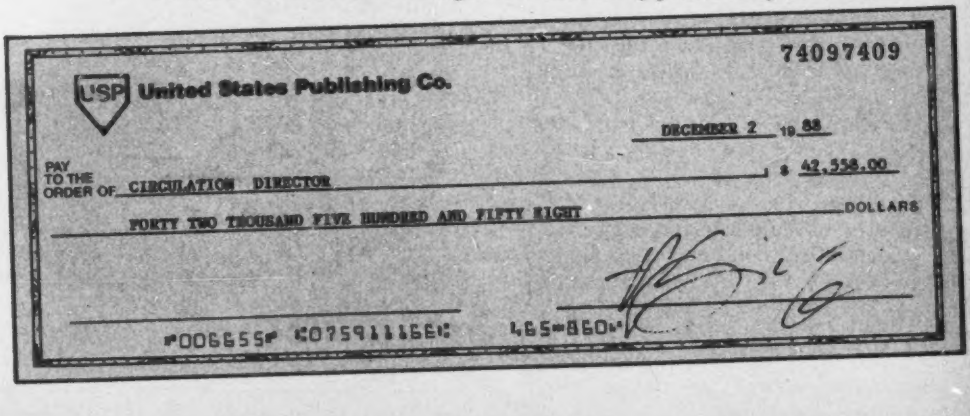


EARL KELLEY

18 percent difference is caused mainly by the high number of respondents from large circulation consumer titles. The difference in total compensation is even larger—directors on consumer magazines who receive both salary and bonus earn 31 percent more than their business magazine counterparts.

Salaries of the top one-third of directors are almost 2.7 times those of the bottom one-third, indicating that there are significant factors at work that affect the compensation of these executives who, on the face of things, have similar job responsibilities.

One powerful factor is circulation size. Average salaries for directors increase steadily as magazines grow from less than 20,000 circulation up to 500,000, and then jump sharply, from $45,153 to $73,294, for directors at magazines of 500,000 circulation and up. Digging behind the data reveals that, although the overall average salary of directors on consumer magazines is higher, business magazine directors earn more than their consumer counterparts in each of the circulation size groups up to 500,000. This example underscores the importance of careful analysis of the data. Often the most useful information is in the breakdowns, not in the overall averages.

Salary also increases steadily as the size of the circulation department grows—rising from $27,683 for those who supervise no one to $64,469 for those with departments of more than 10 people. And, not surprisingly, if the director is responsible for more than one magazine, earnings rise appreciably.

Experience also pays off. Directors in the business more than 10 years earn almost twice the salary of those with less than three years' experience. Although longer-service directors on consumer magazines earn more than those on business publications, shorter-tenure directors for business magazines receive higher salaries than those on consumer publications.

Logic suggests that higher-paid directors with large staffs also tend to be those with more years in the business and, in general, those who work for large circulation magazines. However, because this survey can examine only one variable at a time (see box on methodology), it is not possible to determine if this is actually the case.

This sample of circulation directors is 58 percent female. Yet their average salary is only 75 percent of men's, with the disparity even more striking among consumer magazines. The ratio is the same on a total compensation basis; but it should be noted that, while 58 percent of men are eligible for bonuses, only 43 percent of women are. Magazines in the Northeast pay circulation directors the most—by about one-third. The difference is especially large among consumer magazines, which pay salaries from 42 percent to 63 percent higher in the Northeast than in the rest of the country.

Frequency gives somewhat mixed signals regarding compensation—at least in this sample. The highest paid directors, at $49,791, are on biweeklies, but the sample size is fairly small in that group. The next highest paid, at $43,135, work on monthlies, which

Using the numbers

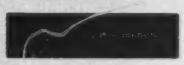
It is important to use the compensation information in this survey cautiously. In many instances there were not enough respondents in certain cells to allow valid conclusions to be reached. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the average column of a chart, for example, is not necessarily the sum of the subcategories.

The survey also compares only one variable at a time. For example, circulation directors in the Northeast earn higher salaries than their peers in other regions—but are those in the Northeast who participated in the survey working on larger circulation magazines? Are they the ones with the most experience? The survey methodology does not allow these multiple variables to be analyzed.

Last, one should be extremely cautious about comparing the data in this survey with data from prior years. While the data collected are the same, those who responded to this survey may well come from a different mix of magazines or represent a different demographic mix than respondents to prior surveys.

"It's crucial to motivate people to think and do their best. Circulation sales and customer service tend to be 'dry'; it's a challenge to keep people 'up.'"

—Circulation director in the West, with more than 10 years' experience, earning salary in the low seventies and bonus of approximately $25,000.



The regions have been divided as follows:

have the highest concentration of consumer magazine respondents.

Directors on paid circulation magazines earn 15 percent more than those on nonpaid magazines. But, interestingly, those on nonpaid business publications have slightly higher salaries than those on business titles with paid circulations—suggesting that the art of maintaining a high quality controlled circulation subscriber base is valued by publishers.

Circulation managers

Circulation managers earn sharply lower salaries than do directors—an average of $26,136 versus $42,558. And their total compensation, for those receiving salary and bonus, is only half that of directors—$26,381 compared with $53,699. As with directors, however, managers on consumer magazines earn about 18 percent more than their business counterparts; and much of that is a result of higher salaries paid to managers on magazines of 500,000 circulation and up.

"My greatest problem is to get publishers and financial executives to understand circulation basics and theoretics. It is a rare individual who understands what we do and why we do it."

—Circulation manager in the Northeast, with 10 years' experience, working on a business weekly, earning $45,000 in salary.

[redacted]

Managers in the top one-third earn salary and total compensation about 2.3 times those in the bottom one-third. And within the breakdowns of the data, the differences in compensation are also smaller than among directors.

Size of magazine remains the best indicator of salary, with steady increases from magazines under 20,000 circulation to those up to 500,000, and then a sizable jump for those of 500,000 and more. Another proxy for size is number of employees supervised; salary grows from $20,678 for those who supervise no one to $33,805 for those

Circulation director

Circulation director or top circulation executive: Plans, directs and coordinates circulation marketing efforts. Directly responsible for budgeting and analyses of single-copy and all subscription programs, list rentals, and database planning and maintenance.

Average salaries (The number of respondents is in parentheses.)		% increase from '87 to '88
All respondents	$42,558 (257)	10.0%
Business	39,259 (138)	9.1
Consumer	46,234 (118)	10.9
Top one-third	$65,584 (85)	
Middle one-third	37,661 (86)	
Bottom one-third	24,698 (86)	

	Average	Average business	Average consumer
By region:			
Northeast	$49,449 (110)	$42,427 (55)	$56,471 (55)
South Atlantic	37,302 (38)	39,581 (21)	34,486 (17)
Central	37,498 (64)	36,538 (45)	39,774 (19)
Western	36,621 (43)	35,806 (16)	36,069 (26)
By sex:			
Male	$49,744 (107)	$44,038 (61)	$57,312 (46)
Female	37,432 (150)	35,474 (77)	39,157 (72)
By years in circulation:			
Up to three	$29,902 (67)	$32,044 (37)	$27,260 (30)
4-10	42,717 (127)	39,586 (67)	45,911 (59)
More than 10	55,698 (63)	46,468 (34)	66,521 (29)
Eligible for bonus/incentive:			
Yes	$47,253 (140)	$42,297 (67)	$51,631 (72)
No	36,941 (117)	36,392 (71)	37,787 (46)
By employees supervised:			
None	$27,683 (20)	$25,808 (6)	$28,486 (14)
1-2	33,524 (78)	32,726 (37)	34,244 (41)
3-10	44,293 (123)	39,798 (76)	51,290 (46)
More than 10	64,469 (36)	54,074 (19)	76,088 (17)
Responsible for:			
One magazine	$36,625 (90)	$35,491 (38)	$37,454 (52)
More than one magazine	45,756 (167)	40,691 (100)	53,152 (66)
By circulation:†			
Up to 19,999	$30,110 (31)	$31,992 (25)	$22,267 (6)
20,000-49,999	31,800 (57)	33,980 (39)	27,076 (18)
50,000-99,999	39,487 (60)	41,576 (36)	35,152 (23)
100,000-499,999	45,153 (77)	47,072 (36)	43,468 (41)
500,000 and more	73,294 (32)	50,700 (2)	74,800 (30)
By frequency:†			
Weekly	$39,529 (35)	$37,859 (32)	$57,333 (3)
Biweekly/twice monthly	49,791 (17)	44,227 (13)	67,875 (4)
Monthly	43,135 (163)	38,886 (76)	46,648 (86)
Other	40,010 (39)	41,067 (15)	39,350 (24)
By type of circulation:†			
Paid	$44,931 (152)	$37,496 (43)	$47,714 (108)
Nonpaid	39,123 (105)	40,057 (95)	30,250 (10)

† Refers to the largest circulation magazine on which respondent works

Circulation manager

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles.

Average salaries (The number of respondents is in parentheses.)		% increase from '87 to '88
All respondents	$26,136 (239)	9.0%
Business	24,470 (132)	9.0
Consumer	28,799 (99)	8.8
Top one-third	$38,358 (79)	
Middle one-third	23,532 (80)	
Bottom one-third	16,673 (80)	

	Average	Average business	Average consumer
By region:			
Northeast	$30,415 (97)	$27,517 (52)	$33,986 (44)
South Atlantic	23,463 (33)	24,647 (19)	22,195 (10)
Central	21,924 (62)	20,079 (40)	25,795 (21)
Western	24,572 (46)	25,130 (21)	24,328 (23)
By sex:			
Male	$34,058 (48)	$33,765 (20)	$34,268 (28)
Female	24,146 (191)	22,811 (112)	26,642 (71)
By years in circulation:			
Up to three	$21,570 (101)	$20,652 (62)	$23,197 (36)
4-10	28,264 (106)	26,400 (54)	30,883 (48)
More than 10	33,502 (32)	32,754 (16)	35,573 (15)
Eligible for bonus/incentive:			
Yes	$24,519 (86)	$23,189 (50)	$26,855 (33)
No	27,045 (153)	25,252 (82)	29,771 (66)
By employees supervised:			
None	$20,678 (77)	$20,308 (55)	$21,943 (20)
1-2	25,945 (96)	25,210 (43)	26,870 (49)
3-10	32,532 (53)	29,289 (24)	36,380 (27)
More than 10	33,805 (13)	32,616 (10)	37,767 (3)
Responsible for:			
One magazine	$22,579 (96)	$20,886 (51)	$24,925 (40)
More than one magazine	28,564 (141)	26,855 (80)	31,363 (58)
By circulation:†			
Up to 19,999	$20,453 (56)	$20,086 (40)	$21,542 (12)
20,000-49,999	22,837 (52)	23,400 (38)	21,307 (14)
50,000-99,999	26,736 (51)	27,472 (30)	25,870 (20)
100,000-499,999	28,759 (54)	28,741 (22)	29,678 (29)
500,000 and more	39,842 (24)	40,500 (2)	39,782 (22)
By frequency:†			
Weekly	$28,616 (20)	$29,915 (13)	$27,680 (5)
Biweekly/twice monthly	31,582 (20)	30,303 (12)	35,143 (7)
Monthly	26,475 (143)	24,071 (80)	29,839 (61)
Other	22,442 (56)	20,441 (27)	24,864 (26)
By type of circulation:†			
Paid	$27,522 (143)	$25,538 (48)	$28,994 (90)
Nonpaid	23,903 (92)	23,584 (83)	26,844 (9)

† Refers to largest circulation magazine on which respondent works

with a staff of more than 10, a relatively modest 63 percent differential. Even years in the circulation business doesn't have a major impact, with salary moving from $21,570 for those with less than three years' experience to only $33,502 for those with more than 10.

A solid 80 percent of circulation managers in this sample are female. Yet they trail their male counterparts in salary, $24,146 to $34,058 (71 percent), and in total compensation for those who receive a bonus—$23,968 to $40,423 (60 percent). As noted earlier,

> "Finding a new creative warp for my publication to be seen in our market is what I'm after."
>
> —Circulation manager in the West, working on a business monthly with a circulation of 70,000, earning salary in the low twenties.

because this survey examines only one variable at a time, it is not possible to determine how much of this variation is due to differences in experience or size of magazine.

Once again the Northeast is the place to be, leading the Western region by about $6,000 and the Central by $8,500. Those differences are much smaller among individuals receiving salary and bonus, but the Northeast still comes out on top.

With circulation managers (as with directors), frequency is not a clear indicator of compensation. Salaries at biweeklies are slightly higher than at weeklies—although both categories have fairly small data samples. Salaries for those working on monthlies, where the bulk of circulation managers work, are up to 25 percent less than salaries for those working on weeklies or biweeklies in all breakdowns of the data except for consumer weeklies. Those working on paid circulation magazines earn slightly more than those on unpaid ones—even for business publications, where directors on unpaid circulation magazines came out ahead.

Salary plus bonus

FOLIO: is also publishing charts showing the amount of incentive bo-

Average annual total compensation*

	Circulation director	Circulation manager
Receive bonus/incentive:		
Yes	$53,699 (127)	$26,381 (75)
No	36,941 (117)	27,045 (153)
By magazine type:		
Consumer	$60,762 (63)	$28,460 (28)
Business	46,402 (63)	25,380 (44)
By region:		
Northeast	$63,108 (60)	$29,866 (27)
South Atlantic	40,616 (18)	26,643 (7)
Central	42,369 (27)	22,262 (26)
Western	52,240 (20)	27,128 (15)
By sex:		
Male	$61,088 (62)	$40,423 (11)
Female	46,652 (65)	23,968 (64)
By years in circulation:		
Up to three	$32,642 (31)	$21,417 (34)
4-10	54,721 (55)	28,129 (29)
More than 10	68,251 (41)	36,223 (12)
By employees supervised:		
None	$30,756 (8)	$21,368 (18)
1-2	37,192 (27)	25,056 (32)
3-10	54,048 (69)	29,871 (19)
More than 10	80,013 (23)	37,443 (6)
Responsible for:		
One magazine	$45,599 (39)	$23,901 (27)
More than one magazine	57,289 (88)	28,010 (47)
By circulation:†		
Up to 19,999	$38,499 (12)	$23,121 (20)
20,000-49,999	35,864 (26)	24,938 (15)
50,000-99,999	46,081 (32)	24,798 (17)
100,000-499,999	56,346 (37)	27,698 (18)
500,000 and more	93,300 (20)	50,000 (4)
By frequency:†		
Weekly	$48,080 (20)	$37,275 (2)
Biweekly/twice monthly	64,967 (12)	25,134 (5)
Monthly	53,469 (81)	26,840 (47)
Other	54,429 (12)	24,614 (21)
By type of circulation:†		
Paid	$58,576 (79)	$28,529 (42)
Nonpaid	45,674 (48)	23,747 (32)

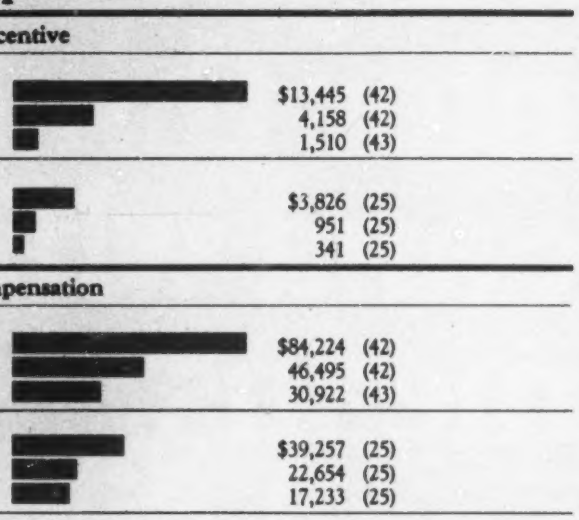
* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.
† Refers to the largest circulation magazine on which respondent works

Average annual bonus/incentive*

	Circulation director	Circulation manager
Average bonus/incentive:	$6,333 (127)	$1,706 (75)
By magazine type:		
Consumer	$7,786 (63)	$2,024 (28)
Business	4,909 (63)	1,574 (44)
By region:		
Northeast	$7,970 (60)	$2,082 (27)
South Atlantic	6,063 (18)	3,000 (7)
Central	3,513 (27)	1,186 (26)
Western	5,730 (20)	1,325 (15)
By sex:		
Male	$7,484 (62)	$3,241 (11)
Female	5,235 (65)	1,442 (64)
By years in circulation:		
Up to three	$2,458 (31)	$1,448 (34)
4-10	5,538 (55)	1,741 (29)
More than 10	10,329 (41)	2,352 (12)
By employees supervised:		
None	$2,156 (8)	$1,379 (18)
1-2	2,611 (27)	1,817 (32)
3-10	6,931 (69)	1,916 (19)
More than 10	10,361 (23)	1,433 (6)
Responsible for:		
One magazine	$5,694 (39)	$2,003 (27)
More than one magazine	6,616 (88)	1,565 (47)
By circulation:†		
Up to 19,999	$5,316 (12)	$1,829 (20)
20,000-49,999	3,896 (26)	1,307 (15)
50,000-99,999	4,775 (32)	1,265 (17)
100,000-499,999	5,768 (37)	1,653 (18)
500,000 and more	13,650 (20)	4,875 (4)
By frequency:†		
Weekly	$6,440 (20)	$5,275 (2)
Biweekly/twice monthly	7,467 (12)	1,182 (5)
Monthly	6,491 (81)	1,449 (47)
Other	4,721 (12)	2,067 (21)
By type of circulation:†		
Paid	$7,680 (79)	$2,323 (42)
Nonpaid	4,116 (48)	933 (32)

* The number of respondents is in parentheses.
† Refers to the largest circulation magazine on which respondent works

Range of average bonus/incentive and total compensation*



*The number of respondents is in parentheses.

nus for circulation professionals and the total compensation (salary plus bonus) for those individuals who receive both. The addition of a bonus has a major impact on compensation, especially for circulation directors.

About 49 percent of directors receive a bonus—and they average total compensation of $53,699, almost 45 percent more than those who received salary only. Indeed, the salary alone of directors eligible for a bonus is substantially more than that of their counterparts—$47,253 versus $36,941, an indication, borne out by the data, that bonus eligibility is more prevalent on larger magazines.

When the total compensation data for directors are broken down more finely—by region, experience, circulation size and the like—they indicate essentially the same relationships and trends as are evident in the data for salary only. For example, much of the substantial difference between average total compensation and average salary can be traced to directors on large circulation magazines—who are more likely to receive a bonus and who averaged $93,300 in total compensation. Some relationships shift, however; for example, the Western region jumps from last in salary to second in total compensation of directors.

Bonus payments are not a significant part of the compensation package for circulation managers. Only 31 percent receive a bonus, and those receiving salary plus bonus actually earn slightly less than the salary of those who get no bonus. This contrasts starkly with the patterns for their circulation director bosses. For example:

- The average salary of all circulation managers is virtually identical to the average total compensation of those receiving salary and bonus, whereas the average circulation director's salary of $42,558 jumps to $53,699 in total compensation.
- The average bonus for circulation directors is $6,333, almost four times the $1,706 bonus received by managers. As a percentage of salary of people eligible for a bonus, average bonus is 13 percent for directors and 7 percent for managers.
- The impact of these differences shows up most strikingly among the higher paid circulators, with directors in the top one-third of total compensation receiving average bonuses of $13,445 and average total compensation of $84,224, versus $3,826 and $39,257, respectively, for managers.

The data do not suggest the reason for this disparity. One can only speculate that the circulation director is perceived to have a much larger impact than the second level of circulation management. Given the growing complexity and competitiveness of the circulation environment and the increasing importance of circulation net to the bottom line, one can expect a growing understanding of the contribution that circulation professionals at all levels make to the profitability and success of the publication. Mimicking trends in compensation practices generally, that contribution is likely to be reflected by increasing use of incentive payments.□

Methodology

Five hundred fifty-six of the 1,186 circulation professionals who received questionnaires responded to FOLIO:'s fourth annual circulation salary survey, resulting in a response rate of 46.9 percent. Of the total responses, 496 contained sufficient information to be used for tabulation. The survey was conducted in June through two mailing efforts. Participants were asked to supply data reflecting 1988 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation professional indicated that his or her annual bonus/incentive would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus incentive for the year.

The sample was evenly divided among circulation directors and managers, and each job category was evenly divided between consumer and business publications. Also, about one-third of the sample went to circulators on publications over 100,000 in circulation and two-thirds to those on smaller publications, with each size group evenly divided between consumer and business magazines and between directors and managers.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire; respondents were asked to mark the description that most accurately reflected their duties.